Supreme Court, U.S.
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IN THE

Supreme Court of the United States

GERALD N. PELLEGRINI,

Petitioner

v.

ANALOG DEVICES, INC.

Respondent

On Petition For Writ Of Certiorari
To The United States Court Of Appeals For The
Federal Circuit

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

1. Whether the patent laws require an accused product or component to be physically present inside the United States for infringement liability to exist.

2. Whether an individual who maintains detailed control of manufacturing and sales activity in or from the United States of components of a patented invention can be found to supply or cause to supply the components for assembly abroad, even if the components are not physically present within the United States.

3. Whether an individual who designs accused components and pays others to fabricate, assemble and test the components may be regarded as supplying the components or causing the components to be supplied within the context of 35 U.S.C. § 271(f)(1), even if the components are not physically present within the United States.

4. Whether an individual who owns the accused components, sets budgetary pricing for the components, invoices and receives purchase orders from customers for the components, and receives sales payments from customers for the components, may be regarded as supplying the components or causing the components to be supplied within the context of 35 U.S.C. § 271(f)(1), even if the components are not physically present within the United States.

LIST OF PARTIES

(1.) Gerald N. Pellegrini, Plaintiff-Appellant

(2.) Analog Devices, Inc., Defendant-Appellee

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PETITION FOR A WRIT OF CERTIORARI

Petitioner Gerald N. Pellegrini respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

CITATIONS OF OPINIONS AND ORDERS ENTERED

The opinion of the United States Court of Appeals for the Federal Circuit is reported at 375 F.3d 1113. The memorandum opinion of the district court is unpublished, but is available at 2003 WL 21026797.

BASIS OF JURISDICTION

The judgment of the United States Court of Appeals was issued on July 8, 2004. This Court has jurisdiction over this petition under 28 U.S.C. § 1254(1).

STATUTE INVOLVED IN THE CASE

35 U.S.C. § 271(f)(1):

> Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

STATEMENT OF THE CASE

This case presents issues of fundamental importance concerning the territorial application of 35 U.S.C. § 271(f)(1).

Background

This is a suit for patent infringement by Gerald N. Pellegrini ("Petitioner") against Analog Devices Inc. ("Analog"). The suit was filed on August 1, 2002 in the United States District Court for the District of Massachusetts. In September 2002, at the request of the parties, the District Court ordered a phased discovery period to address the single threshold legal issue of whether Analog meets the "supplies or causes to be supplied in or from the United States" requirement of 35 U.S.C. § 271(f)(1). In its Memorandum of Decision on May 7, 2003 the District Court allowed Analog's partial summary judgment motion and denied Plaintiff's partial summary judgment motion. On September 23, 2003 the District Court entered a final judgment of non-infringement with respect to 35 U.S.C. § 271(f)(1). Plaintiff timely appealed this final judgment to the United States Court of Appeals for the Federal Circuit. On July 8, 2004 the United States Court of Appeals for the Federal Circuit affirmed the District Court's decision.

The District Court for the district of Massachusetts had jurisdiction over this federal question interpreting United States patent laws in the first instance based on 28 U.S.C. §§ 1331 and 1338(a).

Facts of Record Material to Consideration of the Questions Presented

(1) Analog is an organization incorporated and operating in the United States;
(2) Analog's ADMC products are the accused components under 35 U.S.C. § 271(f)(1);
(3) Analog conceives and designs its ADMC products from the United States;
(4) Analog is the exclusive and proprietary designer and manufacturer of its ADMC products;
(5) Analog manufactures its ADMC products by a process involving multiple phases, which includes the design phase;
(6) Analog uses, subcontracts, and pays others for the express purpose of fabrication, assembly and test of its ADMC products outside the United States;
(7) Analog receives purchase orders in the United States from customers worldwide for its ADMC products;
(8) From the United States, Analog invoices international customers for its ADMC products;
(9) In the United States, Analog sets budgetary pricing for its ADMC products;
(10) In the United States, Analog receives payment for the sale of its ADMC products.

REASONS FOR GRANTING THE WRIT

History repeats itself. In 1972, this Court found a loophole in the Patent Act. The loophole allowed a company, sitting in the United States, to supply components of a patented device for assembly abroad. *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518 (1972). However, in *Deepsouth Packing*, the Court could not act to close the loophole without a statutory basis. By 1984, Congress and the President closed the *Deepsouth Packing* loophole by enacting 35 U.S.C. § 271(f). Now, three decades after the original decision, the loophole is being exploited again. This time, however, the culprit is not a missing statute. Rather, the hole is created by a misinterpretation of § 271(f)(1), the statute Congress passed to explicitly overrule *Deepsouth Packing*.

The serious legal issues raised in Deepsouth and its subsequent statutory abrogation have been amplified by today's increasingly international business environment. Throughout the United States, outsourcing of both manufacturing and services continues at an unprecedented pace. American companies often leave their nerve center in the U.S., but delegate the physical labor to employees and contractors abroad. The Federal Circuit's interpretation of the Patent Act allows these companies a simple method for copying patented products, controlling their manufacture, and selling them from their U.S. headquarters – thereby avoiding patent infringement liability simply because the manual labor is done abroad.

The Federal Circuit's decision also creates an inconsistent basis for liability among the various subsections of the infringement statute. This inconsistency can only lead to confusion in the

application of the patent law to the increasing transnational business activity.

The time has come to review the Appellate Court's decisions.

I. The Plain Meaning of 35 U.S.C. § 271(f)(1) Includes Liability For Actions Taken in the United States, Regardless of the Location of Components.

This Court has not yet taken the opportunity to interpret this new section of the Patent Act. Meanwhile, the Federal Circuit has recently proffered its opinion that section 271(f)(1) "applies only where components of a patent[ed] invention are physically present in the United States and then either sold or exported. . . . The plain language of § 271(f)(1) focuses on the location of the accused components, not the accused infringer." *Pellegrini v. Analog Devices, Inc.*, 375 F.3d 1113, 1117 (Fed. Cir. 2004). The Appellate Panel's interpretation has established a precedent that twists the plain meaning of the statute, and thus goes against the mandate set by Congress.[1]

The central questions in this case revolve around what § 271(f)(1) requires to happen "in or from the United States." The text of the statute provides that:

> Whoever without authority supplies or causes to be supplied in or from the

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[1] In the course of this litigation, neither Petitioner nor Analog has provided any case law showing the locality of the physical products to be an essential factor in the question of patent liability. Thus, the Federal Circuit's decision in this case is not based on any well-established precedents or expectations of settled law. Rather, the decision is simply based on an incorrect interpretation of a new statutory provision.

> United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer.

35 U.S.C. § 271(f)(1) (2004). The central question can be answered simply by examining the plain language of the statute.

1. The Focus of the Provision is on the Location of the Action "Supplies or Causes to be Supplied" and Not on the Location of the Components.

Congress has always based patent liability on "acts of infringement" by an alleged infringer.[2] Simply put, it is the infringer, not the components of an invention or inventions themselves, who commits the damaging acts. Section 271(f)(1) of the Patent Act is no exception. Specifically, Congress has created liability under this statute based on the actions by an alleged infringer of "supplying" or "causing to be supplied" that take place "in or from the United States". 35 U.S.C. § 271(f)(1).

While patent doctrine does not allow patent infringement "predicated on acts wholly done in a

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[2] For example, § 271(a) of the Patent Act creates a cause of action against another who "makes, uses, offers to sell, or sells" a patented invention. 35 U.S.C. § 271(a) (2004).

foreign country," the statutory language simply does not require that the location of the accused components be in the United States. Rather, the plain statutory language of § 271(f)(1) requires a finding of liability against an alleged infringer who, taking action in or from the United States, "supplies or causes to be supplied" the "components of a patented invention" for assembly abroad. The Federal Circuit's conclusion otherwise simply cannot stand.

2. The Provision's Use of "*In or From the United States*" Differs From its Use of "*Outside the United States.*"

Section 271(f)(1) describes activities that must take place "in or from the United States", and those that must take place "outside the United States." These two phrases are used in different ways by the statute, and thus have different meanings.

By statute, Congress stated that the activity of performing "the combination of components" must occur "outside of the United States". Obviously, this requires that the combination must be physically "outside the United States". Thus, this portion of the statute parallels the Federal Circuit's finding that the important location is that of the accused device.

Congress did not, however, make a similar requirement that components be physically "in or from the United States." Instead, the statute uses this phrase to describe the *acts* of supplying or causing to be supplied – and does not require the components to be physically located in the United States.

By its decision in this case, the Federal Circuit has essentially rewritten the statute so that "in or from the United States" no longer modifies the infringing acts but instead modifies the location of the physical components, i.e.:

> Whoever without authority supplies or causes to be supplied ~~**in or from the United States**~~ all or a substantial portion of the components of a patented invention **[, the components being physically shipped in or from the United States]**. . . in such manner as to actively induce the combination of such components outside of the United States . . . .

35 U.S.C. § 271(f)(1) (as implicitly modified by the Federal Circuit).

This modification is improper and goes against the plain meaning of the statute.

3. Section 271(f)(1) Provides Broad Protection and Does More Than Simply Overrule *Deepsouth*.

Section 271(f) was intended to overrule *Deepsouth*. *See* Section-by-Section Analysis of H.R. 6286, Patent Law Amendments Act of 1984," Congressional Record, Oct. 1, 1984, H10525-26. However, the legislative history does not even attempt to restrict the statute to apply only to the facts of that case, and commentators have noted that the breadth of the statute actually extends much further. *Id*; *See* Donald S. Chisum, 5 *Chisum on Patents* 16-96 (1997).

The statute covers much more ground than the facts of *Deepsouth*. For example, the defendant in *Deepsouth* produced all of the parts of a patented machine, while § 271(f)(1) only requires a substantial portion of components. Likewise, the defendant in *Deepsouth* shipped physical components from the

United States, while § 271(f)(1) only requires that the cause of the supply be from the United States. Finally, in *Deepsouth*, the defendant both manufactured and sold components in the United States. *Deepsouth Packing* at 523. There is no evidence, however, that Congress intended for § 271(f)(1) to extend only to manufacturing activities at the exclusion of sales activities. Manufacturing and sales are treated as equally infringing acts in the patent law. Thus, even the restricted facts of *Deepsouth* demonstrate Congress's intent to prohibit manufacturing as well as sales activities in or from the United States.

II. In the Context of 35 U.S.C. § 271(f)(1), Supplying and Causing to Supply Include Activities That are Not Co-Located With A Physical Product.

1. The Federal Circuit Based Its Decision on An Incorrect Presumption that No Sales Took Place In or From the United States.

In its opinion, the Federal Circuit presumed that Analog's chips are not sold in the United States. *Pellegrini v. Analog Devices, Inc.*, 375 F.3d 1113, 1117-18 (Fed. Cir. 2004). This assumption is incorrect, and the court's reliance on the assumption led it to the wrong conclusion.

While it is not disputed, for the purpose of this petition, that Analog's products are not physically located in the United States, the Federal Circuit in its decision did not address or contest any of the Petitioner's version of the facts presented on appeal and apparently considered them irrelevant in agreement with Analog. *Id.* at 1116 (affirming

summary judgment for Analog). Among these facts were that Analog (the U.S. company) is the seller of these components (has exclusive rights of ownership), receives purchase orders for these components from customers worldwide, sends invoices to customers worldwide, sets the budgetary pricing, and receives payment from their sale.

Despite these facts, the appellate court saw "no dispute that the ADMC chips are not....sold...in the United States" and categorically states in its opinion, that "Analog does not....sell...ADMC products in the United States". *Id.* at 1117-18. The Federal Circuit's decision, however, ignores the question of whether Analog is the seller of these products, or whether Analog's actions may constitute sale of these products in the United States, and fails to determine that the facts and evidence of record presented on appeal are insufficient to establish that Analog is the seller of these products, or that Analog's actions in the United States constitute sale of these products in the United States.

The Appellate Court then used its finding that no sales occurred in the United States as a determining factor in its decision. According to the court, "Analog's ADMC chips . . . are not made in, used in, sold in, offered for sale in, or imported into the United States, and they are therefore outside of the reach of U.S. patent laws." *Id.*[3]

Because the Federal Circuit did not give any weight to Analog's United States sales activities and the fact that Analog is the seller of these products, it

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[3] The Federal Circuit cites *Int'l Rectifier Corp. v. Samsung Elecs. Co.*, 361 F.3d 1355 (Fed. Cir. 2004), for support of its position. *Pellegrini*, 375 F.3d at 1117. However, unlike here where sales are made by Analog in the United States, in *Int'l Rectifier*, "sales were made by Samsung [defendant] in Korea." *Int'n Rectifier*, 361 F.3d at 1358.

incorrectly determined that Analog had not supplied or caused the supply in or from the United States of any of the components in question.

2. Sales Have Traditionally Been Interpreted to Be Located At the Site of the Seller Among Other Places.

The Federal Circuit relied on *North American Phillips v. American Vending Sales, Inc.*, 35 F.3d 1576 (Fed. Cir. 1994), for support of its decision with the statement "the 'tort' of patent infringement occurs where the offending act [making, using, selling, offering for sale, or importing] is committed and not where the injury is felt." *Pellegrini*, 375 F.3d at 1117 (internal brackets in Pellegrini opinion). This statement, however, indicates that if, for example, a sale occurred in the United States, a tortious act would have been committed there.

In *North American Phillips*, the Federal Circuit found that the site of a sale in an infringement analysis is not dependent on the location of the accused product and, among other places, can include the location of the seller. 35 F.3d at 1579 ("[I]t is possible to define the situs of the tort of infringement-by-sale either in real terms as including the location of the seller and the buyer and perhaps the points in between, or in formal terms as the single point at which some legally operative act took place, such as the place where the sales transaction would be deemed to have occurred as a matter of commercial law.") Thus, in line with the view held by the Federal Circuit in *North American Phillips*, if the seller is located in the United States, or if purchase orders and invoices are consummated in the United States, the product is then sold in the United States. However, in

contrast, in the present case where no determination was made that Analog was not the seller, the Federal Circuit concluded that Analog's chips are "not made in, used in, sold in, offered for sale in, or imported into the United States. . . . and they are therefore outside of the reach of U. S. patent laws." *Pellegrini,* 375 F.3d at 1118. Thus, the Federal Circuit's opinion in the present case is inconsistent with its decision in *North American Phillips* on the question of where a product is sold in the context of patent law, and that this Court should resolve this conflict by properly applying the legal standards of *North American Phillips*.

3. Supplying or Causing to be Supplied May Also Be Accomplished Through the Performance of Part of the Manufacturing Process In or From the United States.

The Federal Circuit also improperly determined that supplying proprietary designs or "instructions for their manufacture," whose production was acknowledged by Analog in deposition testimony to be part of the manufacturing process, was not covered by § 271(f)(1). *Pellegrini,* 375 F.3d at 1115, 1118 ("'suppl[ying] or caus[ing] to be supplied' in § 271(f)(1) clearly refers to physical supply of components, not simply to the supply of instructions or corporate oversight").

In contrast, this Court in *Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.,* 235 U.S. 641, 650 (1915), held that "there could be no recovery" when "no part of the [sales] transaction occurring within the United States". *Id.* The inference is that at least some part of the sales transaction ("act of infringement") is required to be within the United States. Although this

Court's decision in *Dowagiac* was based on an infringement by sale, infringing manufacture should be treated with equal regard. Performance of at least an essential part of a manufacturing process, analogous to an essential part of a sales transaction, inside the United States should be a cause for liability. The Federal Circuit's decision conflicts with *Dowagiac* regarding whether performing part of the manufacturing process (acknowledged by Analog) inside the United States would be sufficient to establish an "act" of manufacturing and therefore an act of supplying in or from the United States. This Court should more clearly establish the limits on the avoidance of the U. S. patent laws with regard to situations in which acts of infringement, such as manufacturing, are partly done inside the United States and partly done outside the United States.

4. Sales and Manufacturing Activities are Hallmark Examples of Supplying and Causing to be Supplied.

Black's Law Dictionary defines a supplier as a "person engaged, directly or indirectly, in the business of making a product available to customers." Black's Law Dictionary 1453 (7th ed. 1999). Both this Court, in *Deepsouth*, and the Federal Circuit, in *Pellegrini*, discussed manufacturing and sales as keys to determining whether goods were being supplied or caused to be supplied. In *Deepsouth*, the Court found a supply, but had no statutory authority to find liability. *Deepsouth Packing*, 406 U.S. 518. Although in *Pellegrini*, the Appellate Court presumed incorrectly that no sales or manufacturing had taken place in the United States because the components were not physically located within our borders, the

Appellate Court recognized that making sales and manufacturing goods fall within the scope of supplying or causing to be supplied as those activities are integral to the process of making the product available. *Pellegrini*, 375 F.3d at 1118.

III. The Federal Circuit's Interpretation of Section 271(f) Creates Inconsistencies With Section 271(a).

Section 271 of the Patent Act details the acts that constitute patent infringement. This portion of the Act is only a few pages long, and should be interpreted as a consistent body of law. However, the Federal Circuit has created a sharp inconsistency in interpretation between §§ 271(a) and 271(f).

Four years ago, the Federal Circuit decided another case involving accused products physically located outside the United States. *Rotec Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246 (Fed. Cir. 2000). In *Rotec*, the Appellate Court considered whether activities in the United States may constitute "offers for sale" in the United States even when the accused devices were either in France or China and not physically present within the United States. *Id.* at 1251 ("These extraterritorial activities however, are irrelevant to the case before us. . . . Thus, we must establish whether Defendants' activities in the United States, as would be construed by a reasonable jury, are sufficient to establish an 'offer for sale,' as that phrase is used in § 271(a)"). Although the Federal Circuit dismissed the claim for lack of evidence, the majority implied that an act (in this case, an "offer to sell") committed in the United States would constitute infringement where all other acts which took place outside of the United States were "irrelevant to the case". *Id.*

In contrast with *Rotec*, the Appellate Court deemed Analog's activities in the United States irrelevant, *Pellegrini*, 375 F.3d at 1116-17, and refused to consider whether these activities inside the United States constitute infringing acts notwithstanding the accused products being physically located outside the United States. *Id.* at 1117 (finding section 271(f)(1) "applies only where components of a patent[ed] invention are physically present in the United States"). The Federal Circuit's requirement that, for liability under Section 271(f)(1), the accused components must have been physically inside the United States is based on different criteria than liability under § 271(a).

This inconsistency will lead to unnecessary uncertainty in the marketplace, and should be resolved by this Court.

IV. The Federal Circuit's Interpretation Creates an Inverted Punishment System.

The Federal Circuit's decision that § 271(f)(1) requires shipping or exporting of components of a patented invention from the United States creates a very peculiar situation. Under the Federal Circuit's new precedent, shipping or exporting unassembled components of a patented invention from the United States is a requisite activity for a finding of infringement under § 271(f)(1). At the same time, shipping or exporting a fully assembled patented invention from the United States is not an element of any cause of action for patent infringement.[4] This scheme of "punishing the lesser crime" provides another indictment of the Federal Circuit's interpretation of § 271(f)(1).

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[4] There is no statutory provision banning shipment or export of a patented invention from the United States.

V. Conclusions

For the forgoing reasons, petitioner prays that this Court should grant review in this case to reverse the holding of the Federal Circuit with respect to the interpretation of 35 U.S.C. § 271(f)(1).

Petitioner would also ask this court to invite comments from the United States Patent and Trademark Office and the Solicitor General of the United States.

Respectfully,
Gerald N. Pellegrini, *pro se*

APPENDIX

GERALD N. PELLEGRINI,
Plaintiff-Appellant,
v.
ANALOG DEVICES, INC.,
Defendant-Appellee.

04-1054

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

375 F.3d 1113; 2004 U.S. App. LEXIS 14017; 71 U.S.P.Q.2D (BNA) 1630

July 8, 2004, Decided

PRIOR HISTORY: Appealed from: United States District Court for the District of Massachusetts. Judge Rya W. Zobel. *Pellegrini v. Analog Devices, Inc., 2003 U.S. Dist. LEXIS 7598 (D. Mass., May 7, 2003)*

DISPOSITION: Affirmed.

COUNSEL: Gerald N. Pellegrini, Worcester Electromagnetics Partnership, of Wellesley, Massachusetts, *pro se*.

Wayne L. Stoner, Hale and Dorr, of Boston, Massachusetts, for defendant-appellee. Of counsel was Richard W. O'Neill.

JUDGES: Before LOURIE, RADER, and BRYSON, Circuit Judges.

OPINION BY: LOURIE

OPINION:[*1114] LOURIE, Circuit Judge.

Gerald Pellegrini appeals from the decision of the United States District Court for the District of Massachusetts granting partial summary judgment in favor of Analog Devices, Inc. ("Analog") in a patent infringement suit. *Pellegrini v. Analog Devices, Inc., 2003 U.S. Dist. LEXIS 7598, No. 02-11562-RWZ (D. Mass. May 7, 2003)* (Memorandum of Decision). Because there are no genuine issues of material fact in dispute and Analog is entitled to partial judgment as a matter of law, we affirm.

BACKGROUND

Pellegrini is the sole inventor and owner of *U.S. Patent 4,651,069*, directed to brushless motor drive circuits. Analog develops and fabricates integrated circuit chips, including a line of chips called "ADMC" chips. In August 2002, Pellegrini sued Analog, alleging direct infringement and inducement of infringement of the *'069 patent*, contending that certain claims of the *'069 patent* read on the combination of ADMC chips and other components in brushless motors. Both parties moved for summary judgment.

[*1115] It is undisputed that the ADMC chips are manufactured exclusively outside of the United States.[1] It is also undisputed that most of those chips are sold and shipped to customers outside the United States.[2] Noting that the U.S. patent laws do not have extraterritorial effect, the district court granted Analog's motion for partial summary judgment with respect to products containing those chips (hereinafter, "ADMC

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[1] The ADMC chips are manufactured by Analog in Ireland and by two independent contractors hired by Analog in Taiwan.

[2] Analog concedes that it has imported a small number of ADMC chips into the United States, e.g., for testing purposes, but those chips are not the subject of the summary judgment on appeal.

products") sold and shipped to non-U.S. customers, and the court denied Pellegrini's motion. The district court rejected Pellegrini's argument that, because Analog's headquarters are located in the United States and instructions for the production and disposition of the ADMC chips emanate from the United States, the chips should be regarded as having been "supplied or caused to be supplied in or from the United States" and Analog should be liable as an infringer under *35 U.S.C. § 271(f)(1)*. Accordingly, the district court entered separate and final judgment in Analog's favor pursuant to *Fed. R. Civ. P. 54(b)* with respect to Pellegrini's claim under *§ 271(f)(1)*.[3]

Pellegrini timely appealed to this court. We have jurisdiction pursuant to *28 U.S.C. § 1295(a)(1)*.

DISCUSSION

Summary judgment is appropriate when there are no genuine issues of material fact and the moving party is entitled to judgment as a matter of law. *Fed. R. Civ. P. 56(c)*; *Johns Hopkins Univ. v. Cellpro, Inc., 152 F.3d 1342, 1353 (Fed. Cir. 1998)*. We review a district court's grant of summary judgment de novo, reapplying the summary judgment standard. *Conroy v. Reebok Int'l, 14 F.3d 1570, 1575 (Fed. Cir. 1994)*. Additionally, "when evaluating a motion for summary judgment, the court views the record evidence through the prism of the evidentiary standard of proof that would pertain at a trial on the merits." *Eli Lilly & Co. v. Barr Labs., Inc., 251 F.3d 955, 962 (Fed. Cir.*

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[3] The district court granted partial summary judgment under *Rule 54(b)* only on the question whether Analog's accused ADMC chips manufactured outside the United States and never shipped to or from the United States infringed the *'069 patent* as a matter of law. Because that is the only issue decided by the court and appealed to us, we state no opinion as to the viability of Pellegrini's remaining causes of action set forth in his complaint, including his claims that Analog induced its customers to infringe the *'069 patent* and directly infringed the *'069 patent* by having imported the ADMC chips for testing.

2001). In that process, we draw all justifiable inferences in the nonmovant's favor. *Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 255, 91 L. Ed. 2d 202, 106 S. Ct. 2505 (1986).* We also review the district court's statutory construction de novo. *Bayer AG v. Housey Pharms., Inc., 340 F.3d 1367, 1370 (Fed. Cir. 2003).*

This case presents the question whether components that are manufactured outside the United States and never physically shipped to or from the United States may nonetheless be "supplied or caused to be supplied in or from the United States" within the meaning of *35 U.S.C. § 271(f)(1)* if those components are designed within the United States and the instructions for their manufacture and disposition are transmitted from within the United States. This is a matter of first [*1116] impression for this court. According to *§ 271(f)(1),*

> Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such a manner as to actively induce the combination of such components outside the United States in a manner that would infringe the patent if such combination occurred within the United States shall be liable as an infringer.

35 U.S.C. § 271(f)(1) (2000). Section 271(f) was enacted in the wake of the United States Supreme Court's decision in *Deepsouth Packing Co. v. Laitram Corp., 406 U.S. 518, 32 L. Ed. 2d 273, 92 S. Ct. 1700 (1972),* in which the Court acknowledged that unauthorized manufacturers of patented products could avoid liability for infringement under the then-existing law by manufacturing the unassembled components of those products in the United States and then shipping them outside the United States for assembly. Congress enacted *§ 271(f)* in order to close that loophole. *Rotec Indus., Inc. v.*

Mitsubishi Corp., 215 F.3d 1246, 1250 n.2 (Fed. Cir. 2000). As explained in the Congressional Record:

> *Section 101* [of the Bill] makes two major changes in the patent law in order to avoid encouraging manufacturers outside the United States.
>
> . . . .
>
> *[Section 271(f)]* will prevent copiers from avoiding U.S. patents by supplying components of a patented product in this country so that the assembly of the components may be completed abroad. This proposal responds to the . . . decision in Deepsouth . . . concerning the need for a legislative solution to close a loophole in patent law.

130 Cong. Rec. H10525 (1984).

On appeal, Pellegrini asserts that the district court failed to consider, or at least did not address, certain relevant facts and that the court misapplied and incorrectly interpreted controlling case law. In his first argument, Pellegrini contends that the record shows that Analog is incorporated in the United States and has executive, marketing, and product line responsibilities for ADMC products; that Analog conceived and designed the ADMC products; that Analog is the exclusive manufacturer of ADMC products; that Analog makes all development and production decisions for ADMC products; that Analog is responsible for the fabrication, assembly, and testing of ADMC products; that ADMC uses, subcontracts with, and pays others for the express purpose of the proprietary fabrication, assembly, and testing of ADMC products; that Analog's ADMC products are capable of motor control; that Analog sets budgetary pricing and receives payment for ADMC products sold worldwide; and that Analog receives purchase orders from and invoices customers worldwide for ADMC products and increases

production levels for ADMC products in response to those purchase orders. According to Pellegrini, these facts satisfy the "supplies" requirement of *§ 271(f)(1)* because they evidence acts of infringement occurring inside the United States.

Analog responds that Pellegrini's facts are not supported by the record, but, even if they are credited, they are irrelevant because they do not demonstrate that the accused ADMC chips at issue were "supplied in or from the United States." According to Analog, *§ 271(f)(1)* is simply inapplicable to products manufactured outside the United States and never shipped to or from the United States.

[*1117] Pellegrini then argues that Analog exports its ADMC products, regardless of their origin, from the United States. That contention is based on the fact that Analog apparently includes the following boilerplate statement on all of its commercial invoices, even for shipments that originate outside the United States:

> These commodities, technology, or software were exported from the United States for ultimate destination to (Enter Countries), in accordance with Export Administration Regulations. Diversion contrary to US Law prohibited.
>
> Above listed products may be assembled in one or more of the following countries, HONG KONG, INDONESIA, IRELAND, KOREA, PHILIPPINES, TAIWAN, THAILAND, MALAYSIA, or SINGAPORE.

Pellegrini does not contend that Analog's ADMC chips are in fact physically exported from the United States. Rather, he points out that Analog explained to the district court that the above statement is included to demonstrate compliance with U.S. export laws, and he argues that Analog should not be allowed to enjoy the benefit of such a declaration with respect to

U.S. export laws while simultaneously escaping liability under U.S. patent laws.

Analog responds that the above-quoted boilerplate language is included in its invoices only out of an abundance of caution and does not indicate whether the products were ever physically present in the United States or if they were shipped to or from the United States. Analog points out that the U.S. Supreme Court explained nearly 150 years ago in *Brown v. Duchesne, 60 U.S. (19 How.) 183, 15 L. Ed. 595 (1857)*, that the U.S. patent laws "do not, and were not intended to, operate beyond the limits of the United States." *Id. at 195*; see also *Int'l Rectifier Corp. v. Samsung Elecs. Co., 361 F.3d 1355, 1360 (Fed. Cir. 2004)*. Analog also points out that Pellegrini made a deliberate decision not to seek foreign patent protection for the invention claimed in the *'069 patent*, and he is bound by the obvious and foreseeable consequences of that decision.

We agree with Analog that *§ 271(f)(1)* does not apply to the facts of this case. First, *§ 271(f)* is clear on its face. It applies only where components of a patent invention are physically present in the United States and then either sold or exported "in such a manner as to actively induce the combination of such components outside the United States in a manner that would infringe the patent if such combination occurred within the United States." Secondly, as Pellegrini himself recognizes, we explained in *North American Philips v. American Vending Sales, Inc., 35 F.3d 1576 (Fed. Cir. 1994)*, that "the 'tort' of patent infringement occurs where the offending act [making, using, selling, offering for sale, or importing] is committed and not where the injury is felt." *Id. at 1579*. There is no dispute that the ADMC chips are not made, used, sold, or offered for sale in the United States. The plain language of *§ 271(f)(1)* focuses on the location of the accused components, not the accused infringer. Pellegrini contends that it is irrelevant that the chips within the scope of the partial summary judgment never enter the United States, because to impose a location requirement would lead to a "seemingly contradictory

construction of *§ 271(f)(1).*" According to Pellegrini, "it is difficult to understand how the combination of such components outside the United States can occur if they are inside the United States." However, the language of *§ 271(f)* clearly contemplates that there must be an intervening sale or exportation; there can be no liability under *§ 271(f)(1)* unless components are shipped from the United States for assembly.

As stated above, Analog does not make, use, sell, or offer to sell ADMC products in the United States, and it does not import ADMC products into the United States. Analog also does not supply ADMC chips in or from the United States, and does not cause ADMC chips to be supplied in or from the United States. Thus, *35 U.S.C. § 271(f)(1)* is inapplicable. "Supplying or causing to be supplied" in *§ 271(f)(1)* clearly refers to physical supply of components, not simply to the supply of instructions or corporate oversight. In other words, although Analog may be giving instructions from the United States that cause the components of the patented invention to be supplied, it is undisputed that those components are not being supplied in or from the United States.

Moreover, the fact that Analog notes on its invoices that its "commodities" were exported from the United States does not stand up against the uncontested fact that no ADMC chips were exported from the United States. Compliance with the export laws is not an issue before this court.

Pellegrini further argues that *Crowell v. Baker Oil Tools, 143 F.2d 1003 (9th Cir. 1944)*, demonstrates that liability as a "manufacturer" does not require the performance of the actual physical manufacturing. Although Pellegrini's statement is correct insofar as *Crowell* held that one cannot escape liability for infringement as a manufacturer of infringing products simply by employing an agent or independent contractor to carry out the actual physical manufacturing, *id. at 1004* ("It is obvious that one may infringe a patent if he employ an agent for that purpose or have the offending articles manufactured for him by a independent contractor."), there is no suggestion in *Crowell*

that the manufacturing need not nonetheless be carried out in the United States. As stated above, Analog's defense is not based on the use of a contractor, but rather on extraterritorial manufacture.

Finally, Pellegrini contends that the district court's reliance on our decision in Rotec was incorrect and misplaced. Pellegrini points out that in Rotec, no U.S. defendant was alleged to be the manufacturer or seller of the accused components, whereas it is undisputed that Analog is the exclusive manufacturer of the ADMC products sold worldwide or that Analog invoices and receives payment for those products. Although factually correct, that distinction is legally unavailing. The present case is analogous to *Rotec* in the only sense that matters here: Analog's ADMC chips within the scope of the summary judgment, like the crane and conveyor belt system components at issue in *Rotec*, are not made in, used in, sold in, offered for sale in, or imported into the United States, *215 F.3d at 1247, 1256*, and they are therefore outside of the reach of U.S. patent laws. As in *Rotec*, the present record "contains no evidence that any Defendant 'supplied or caused to supply' any component of a patented invention in or from the United States." *Id. at 1256*. Pellegrini speculates that "had there been admissible evidence to show an 'offer for sale' occurring in the United States [in *Rotec*], the Court would have judged otherwise." Be that as it may, there is no evidence of record here that Analog has offered to sell the ADMC chips domestically. Although Analog receives purchase orders, has responsibility for worldwide manufacturing and sales of ADMC products, and has marketing and product line responsibilities for ADMC products, there is no evidence of record that any of that manufacturing occurs in the United States or that Analog offers to sell those products in the United States. As the Supreme Court explained in *Dowagiac Mfg. Co. v. Minn. Moline Plow Co., 235 U.S. 641, 59*[*1119] *L. Ed. 398, 35 S. Ct. 221, 1915 Dec. Comm'r Pat. 320 (1915)*, "the right conferred by a patent under our law is confined to the United States and its territories,

and infringement of this right cannot be predicated on acts wholly done in a foreign country." *Id. at 650.*

We have considered Pellegrini's other arguments and find them unpersuasive.

CONCLUSION

Because there is no genuine issue of material fact and Analog is entitled to judgment as a matter of law with respect to the ADMC products that are not manufactured in the United States and are never shipped to or from the United States, the decision of the district court is

AFFIRMED.

GERALD N. PELLEGRINI
v.
ANALOG DEVICES, INC.

CIVIL ACTION NO. 02-11562-RWZ

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

2003 U.S. Dist. LEXIS 7598

May 7, 2003, Decided

SUBSEQUENT HISTORY: Affirmed by *Pellegrini v. Analog Devices, Inc., 2004 U.S. App. LEXIS 14017 (Fed. Cir., July 8, 2004)*

PRIOR HISTORY: *Pellegrini v. Analog Devices, Inc., 2002 U.S. Dist. LEXIS 22302 (D. Mass., Nov. 19, 2002)*

DISPOSITION: [*1] Defendant's motion for partial summary judgment allowed in part. Plaintiff's motion for partial summary judgment denied.

COUNSEL: GERALD N. PELLEGRINI, Plaintiff, Pro se, Wellesley, MA.

For ANALOG DEVICES, INC, Defendant: Wayne L. Stoner, Hale & Dorr, LLP, Boston, MA.

JUDGES: RYA W. ZOBEL, UNITED STATES DISTRICT JUDGE.

OPINION BY: RYA W. ZOBEL

OPINION:

MEMORANDUM OF DECISION

May 7, 2003

ZOBEL, D.J.

Plaintiff Gerald N. Pellegrini is the owner of U.S. Patent *4,651,069* for a "Back-EMF Brushless D.C. Motor Drive Circuit," issued on March 17, 1987. Defendant Analog Devices, Inc., develops and manufactures high performance analog, mixed signal and digital signal processing integrated circuit chips. These chips are used in a wide range of applications. Plaintiff alleges that certain chips, denoted "ADMC" by defendant, infringe his patent when combined with other components in a particular type of brushless motor. Both parties have moved for partial summary judgment.

It is undisputed that all of the ADMC chips are manufactured outside the United States and, with very few exceptions, all are also sold and shipped [*2] to customers outside the country.[4] Therefore, says defendant, its activities are not subject to United States patent laws, which do not have extraterritorial effect. *Rotec Industries, Inc. v. Mitsubishi Corp., 215 F.3d 1246, 1251 (Fed. Cir. 2000)* (stating the a U.S. patent only confers rights within the United States and acts in foreign countries will not infringe on these rights); *Freedom Wireless, Inc. v. Boston Communications Group, Inc., 198 F. Supp. 2d 11,*

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[4]Defendant is not seeking summary judgment as to those chips shipped to the United States.

15 (D. Mass. 2002) (The "rights conferred to a patent holder by the laws of this country are confined to the United States and its territories.").

Plaintiff relies on *35 U.S.C. § 271(f)* which provides as follows:

> Whoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are [*3] uncombined in whole or in part, in such manner as to actively induce the combination of such components outside the United States in a manner that would infringe the patent if such combination occurred within the United States shall be liable as an infringer.

Plaintiff makes much of the fact that defendant's headquarters are located in the United States. Acknowledging that the ADMC chips are not physically supplied "in or from" the United States, plaintiff contends that because instruction for their disposition comes from defendant's United States headquarters, the chips, in some metaphysical sense, come from the United States as well. The difficulty is that the argument, more sophistry than fair reading of clear statutory language, is unsupported also by precedent. *Rotec Industries, Inc. v. Mitsubishi Corp., 215 F.3d at 1257-58* (rejecting argument that an offer to supply components from within the United States violates *Section 271(f)* and affirming dismissal of the claim because components were manufactured outside United States.).

Accordingly, defendant's Motion for Partial Summary Judgment is ALLOWED with respect to all ADMC chips manufactured abroad and [*4] shipped to customers in foreign

countries. Plaintiff's Motion for Partial Summary Judgment is DENIED.

DATE May 7, 2003

RYA W. ZOBEL

UNITED STATES DISTRICT JUDGE